



January 16, 2002

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## SENATE BILL No. 528

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DIGEST OF SB 528 (Updated January 15, 2002 11:53 am - DI jhm)

**Citations Affected:** IC 12-15.

**Synopsis:** Removes December 31, 2002, expiration dates of provisions: (1) prohibiting the office of Medicaid policy and planning from providing incentives to primary care medical providers for directing individuals to contracted hospitals other than a hospital in a city where the patient resides; and (2) concerning reimbursement rates for hospitals that previously contracted with the office's managed care contractor for the provision of services under the office's managed care program.

**Effective:** July 1, 2002.

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January 14, 2002, read first time and referred to Committee on Rules and Legislative Procedure.  
January 15, 2002, amended; reassigned to Committee on Health and Provider Services.

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SB 528—LS 7327/DI 13+



January 16, 2002

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## SENATE BILL No. 528

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 12-15-11.5-3, AS AMENDED BY P.L.141-2001,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2002]: Sec. 3. (a) The office or the office's managed care  
4 contractor may not provide incentives or mandates to the primary  
5 medical provider to direct individuals described in section 2 of this  
6 chapter to contracted hospitals other than a hospital in a city where the  
7 patient resides.  
8 (b) The prohibition in subsection (a) includes methodologies that  
9 operate to lessen a primary medical provider's payment due to the  
10 provider's referral of an individual described in section 2 of this chapter  
11 to the hospital in the city where the individual resides.  
12 (c) If a hospital's reimbursement for nonemergency services that are  
13 provided to an individual described in section 2 of this chapter is  
14 established by:  
15 (1) statute; or  
16 (2) an agreement between the hospital and the individual's  
17 managed care contractor;

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the hospital may not decline to provide nonemergency services to the individual on the basis that the individual is enrolled in the Medicaid risk based program.

(d) A hospital that provides services to individuals described in section 2 of this chapter shall comply with eligibility verification and medical management programs negotiated under the hospital's most recent contract or agreement with the office's managed care contractor.

~~(e) This section expires December 31, 2002.~~

~~(f)~~ (e) Notwithstanding subsection (a), this section does not prohibit the office or the office's managed care contractor from directing individuals described in section 2 of this chapter to a hospital other than a hospital in a city where the patient resides if both of the following conditions exist:

(1) The patient is directed to a hospital other than a hospital in a city where the patient resides for the purpose of receiving medically necessary services.

(2) The type of medically necessary services to be received by the patient cannot be obtained in a hospital in a city where the patient resides.

SECTION 2. IC 12-15-11.5-4.1, AS ADDED BY P.L.141-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4.1. (a) A hospital that:

(1) does not have a contract in effect with the office's managed care contractor; but

(2) previously contracted or entered into an agreement with the office's managed care contractor for the provision of services under the office's managed care program;

shall be reimbursed for services provided to individuals described in section 2 of this chapter at rates equivalent to the rates negotiated under the hospital's most recent contract or agreement with the office's managed care contractor, as adjusted for inflation by the inflation adjustment factor described in subsection (b). However, the adjusted rates may not exceed the established Medicaid rates paid to Medicaid providers who are not contracted providers in the office's managed health care services program.

(b) For each state fiscal year beginning after June 30, 2001, an inflation adjustment factor shall be applied under subsection (a) that is the average of the percentage increase in the medical care component of the Consumer Price Index for all Urban Consumers and the percentage increase in the Consumer Price Index for all Urban Consumers, as published by the United States Bureau of Labor Statistics, for the twelve (12) month period ending in March preceding

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- 1 the beginning of the state fiscal year.  
2 (c) This section expires December 31, 2002.

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 528, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Health and Provider Services.

(Reference is to SB 528 as introduced.)

GARTON, Chairperson

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